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C O N F I D E N T I A L BUENOS AIRES 000184

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USDOJ FOR ANDREW BEACH, BRUCE SWARTZ, MATT FRIEDRICH

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SUBJECT: ARGENTINA: SCENESETTER FOR ATTORNEY GENERAL  
GONZALES

Classified By: Ambassador E. Anthony Wayne for Reasons 1.4 (b) and (d).

¶1. (C) Introduction and Summary: Embassy Buenos Aires warmly welcomes you and your delegation to Argentina February 6-7. While the Kirchner administration does not always see eye to eye with the USG, it continues to be an important partner in fighting transnational crime, drug and human trafficking, as well as terrorism. In recent months, we have seen a greater interest by senior-level GOA officials in engaging in dialogue with us and in identifying areas where we can strengthen cooperation, including in law enforcement and judicial reform. This does not mean that we expect significant or immediate changes in foreign policy, or public statements in support of the U.S. from President Kirchner, but it has become increasingly clear that the GOA wishes to engage us positively and is looking for ways to do so.

¶2. (C) Your visit is an opportunity to push forward our improving and increasingly productive bilateral relationship in the area of justice reform and law enforcement. Areas where we may increase cooperation include: soliciting international support for Argentina's judicial process in investigating the AMIA terrorist bombing case; assisting Argentina's transition to an accusatorial judicial system; strengthening Argentina's anti-corruption efforts; and deepening our partnership in the fight against terrorism, drugs, human trafficking, and organized crime. You will find in Argentina increased public concern over the flow of illicit narcotics and common crime. END SUMMARY AND INTRODUCTION.

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Counterterrorism  
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¶3. (U) Kirchner's administration has strongly supported counterterrorism policies, as Argentina has itself twice been a victim of international terrorist attacks in the early 1990s. The GOA has ratified all of the 12 international counterterrorism conventions. Argentina is a participant in the Three-Plus-One regional mechanism, which focuses on possible terrorist-related activity in the Tri-border region. On December 20, 2006, President Kirchner sent the GOA's long-anticipated draft antiterrorism and counterterrorism finance bill to Congress (in good part to comply with Financial Action Task Force (FATF) requirements). The draft criminalizes terrorism and terrorism financing and empowers

law enforcement agencies to fight such crimes.

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AMIA  
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¶4. (C) On July 18, 1994, Argentina suffered its worst terrorist attack, when the Argentine-Israeli Mutual Association (AMIA) was bombed, killing 85 and wounding many more. The attack came two years after a terrorist attack on the Israeli Embassy in Buenos Aires left 29 dead. The release of the AMIA special prosecutors' report in October 2006 and the issuance the following month of arrest warrants for the eight former Iranian government officials are of major international import. While Kirchner's official position has been not to interfere in judicial affairs, without Kirchner's behind the scenes support, AMIA Special Prosecutor Nisman's report never would have seen the light of day, nor would the GOA have sent a strong delegation to the January 22 meeting at Interpol to seek support for issuing international arrest warrants or, "red notices."

¶5. (C) Some in the press have interpreted Kirchner's AMIA policy as a way of seeking rapprochement with the U.S. (while also trying to avoid a frontal conflict with Iran or Venezuela). Whatever the truth, we continue working closely but quietly with the GOA to support bringing the perpetrators to justice, including intense behind the scenes work with the AMIA prosecutors in strengthening their Interpol submissions. Continued close coordination will be necessary in the coming weeks before the expected March meeting of the Interpol Executive Committee where consideration will be given to Iran's demand that the GOA requests for "Red Notices" on the AMIA suspects be disregarded by Interpol. Failure of

Interpol to uphold the GOA request for Red Notices would be a serious blow to the GOA and a win for Iran.

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Counternarcotics  
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¶6. (C) Argentina is a source for precursor chemicals and is a transit country for cocaine flowing from Bolivia, Peru, and Colombia. The current uncertainty in Bolivia has exacerbated Argentina's drug trafficking situation. Argentine authorities link a major rise in consumption of paco, a toxic and highly addictive by-product of cocaine processing, to an increased flow of Bolivian cocaine base into Argentina. Local press have given increasing coverage to their problems. To combat this problem, Argentine Security Services work closely with the United States on counternarcotics activities. The DEA-sponsored Northern Border Task Force (NBTF), located in the major transit route for cocaine entering Argentina from Bolivia, is widely seen as the most effective and successful counternarcotics group in the nation.

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Argentina's Judicial System  
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¶7. (U) The Argentine legal system is a mixture of U.S. and Western European legal systems, and is in the process of moving from an inquisitive to an accusatorial system. Argentina's criminal justice system slowly began moving toward a more American model of law enforcement and jurisprudence in the 1990s. Nevertheless, vestiges of the Napoleonic legal system still hinder efficiency and freedom from political influence. The province of Cordoba is recognized as a pioneer in legal reform in Argentina and was the first to transition to an accusatorial legal system; it is currently holding jury trials in criminal cases on a limited basis.

¶8. (U) One of President Kirchner's priorities in assuming office almost four years ago was to reform the Supreme Court,

with the goal of removing the so-called "automatic majority" of five supposedly corrupt and unqualified justices appointed by former President Menem. All five members of this "automatic majority" have been officially impeached or forced to resign. The voluntary retirement of another justice meant that Kirchner had the opportunity to name six new justices to the Supreme Court. Kirchner has only appointed four new justices, widely viewed to be much better qualified and in most cases politically independent than the justices they replaced. Analysts speculate that Kirchner did not fill the remaining two vacancies to avoid public perceptions that he, too, was packing the court.

¶9. (U) Currently, Congress is considering a bill that would gradually reduce the court from nine to five justices. Legal experts and leading editorialists support the bill, asserting that it would restore the Court's credibility and judicial independence as well as improve the Court's efficiency in reviewing cases. However, the Argentine public has not supported all of Kirchner's efforts to reform the judicial system. His efforts to reform the Council of Magistrates (the body that nominates and disciplines federal judges) in March 2006 met considerable public opposition, despite its eventual passage by Argentina's Congress. Critics claim the Council's new composition increases the Executive's influence.

¶10. (U) The Prosecutor General's Office (Procuraduria) is the prosecutorial arm of the Argentine federal government. Prosecutor General Esteban Righi operates in close coordination with Argentina's security forces, the Federal Police, National Gendarmes (Border Force), the Naval Prefecture (or Coast Guard), and the Aeronautical Police Agency. The security forces come under the authority of the Minister of Interior, who has made one of his key priorities in recent years to address notoriously ineffective inter-force coordination and sharing of information and databases. The Interior Minister has expressed interest in learning more about such coordination experience in the United States. In addition to the Procuraduria, the Ministry of Justice and Human Rights is charged with the investigation of human rights cases, supervision of the penal institutions, and is the central authority on Mutual Legal Assistance Treaty (MLAT) matters and extraditions.

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Corruption  
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¶11. (SBU) Kirchner's domination of the political scene and a divided opposition has made it difficult for Argentina's historically weak democratic institutions to provide effective checks and balances. Although Argentina's Ministry of Justice and Human Rights has an Office of Anti-Corruption, it has mostly focused on investigating cases of corruption during the Menem and De la Rúa administrations, with little action taken on accusations against the Kirchner administration. Corruption in the judiciary and within the police is widespread. Argentina ranks 93rd out of 163 countries in Transparency International's Corruption Perceptions index, with a majority in Argentina agreeing with the statement that "corruption affects political life to a large extent".

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Human Rights  
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¶12. (C) The Kirchner administration has made human rights an important domestic policy priority by lifting the immunity laws that prevented prosecution of human rights abuses during the military dictatorship. The resulting flood of human rights trials of former police and military officials is part of a larger debate within Argentine society over reexamining the country's past. The brief detention this month of Isabel Peron (former president and wife of former president Juan Peron) in Spain and the judicial investigation into the right-wing death squad Triple A -- both for alleged

involvement in human rights abuses in the 1970s -- have led some to criticize the government's seemingly one-sided approach to the investigations and trials. For now, judicial investigations remain limited to military, police, and other former government officials and neglect crimes committed by members of leftist guerrilla groups, some former members of which hold senior positions under Kirchner. In part because of Argentina's experience with the human rights abuses during the "Dirty War", many in Argentina, including senior officials in the GOA, are highly critical of our Iraq and Guantanamo policies.

¶13. (U) While the Argentine government generally respects the human rights of its citizens, the following human rights problems have been reported: instances of killings and brutality by police and prison officials, which the government investigated but often did not punish; overcrowded, substandard, and life-threatening prison and jail conditions; occasional arbitrary arrest and detention; prolonged pre-trial detention due to an overwhelmed judicial system; weakening of the independence of the legislative and judicial branches; government pressures on the media; domestic violence and sexual harassment against women; trafficking in persons for sexual exploitation and labor, primarily within the country; and child labor.

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TIP  
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¶14. (U) Argentina is currently on our Tier 2 Watchlist for Trafficking in Persons for its failure to show evidence of increasing efforts to combat trafficking over the previous year, particularly in the key area of prosecutions. It is primarily a destination country for women and children trafficked for the purposes of sexual and labor exploitation.

Most victims are trafficked internally, from rural to urban areas, for exploitation in prostitution. Argentine women and girls are trafficked to neighboring countries for sexual exploitation. Foreign women and children are trafficked for commercial sexual exploitation, primarily from Paraguay, but also from Bolivia, Brazil, the Dominican Republic, Colombia and Chile; and Bolivians are trafficked for forced labor. Argentina's Congress has introduced various bills to criminalize human trafficking, but it has not yet passed legislation. The GOA needs to expand law enforcement training on victim identification and assistance.

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Rise in Crime Prompts Public Protests  
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¶15. (U) A significant rise in crime since the financial crash of 2001 has pushed security issues to the forefront of social and political debate. There is no transparent system used by the GOA to report reliable crime statistics, so the much-discussed rise in crime is often not reflected by crime statistics. Political analysts speculate that the government prefers to underreport crime statistics to avoid the embarrassment of its inability to combat criminal activity.

¶16. (U) Juan Carlos Blumberg, father of young murder victim Axel Blumberg, has held a number of mass public demonstrations since 2004 on the government's inability to combat crime. Blumberg's successful anti-crime marches and rallies have raised the issue to among the top concerns in Argentina, according to public opinion polls. Blumberg's activism has made him a household name, and this fame has gained him entry into Argentina's political scene. Although his rallies have drawn huge crowds of support, he has recently been criticized for his hard-line views on prosecuting criminals, his efforts to unite the political opposition to President Kirchner, and his anticipated formal foray into politics.

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Political Landscape  
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¶17. (C) Argentina was once one of the richest countries of the hemisphere, achieving a GNP per capita that was among the top ten in the world in the early 20th century. However, the history of Argentina over the last 70 years has been one of economic decline and political instability. Many Argentines are at a loss to explain how their country, blessed with rich natural resources, a fertile land and a talented and well-educated population, could have fallen so far. Some blame the military dictatorships, which predominated between 1930-1983; many blame Peron and "Peronism;" and a significant number blame external factors: the IMF, the U.S., and, to a lesser extent, Europe, especially following the 2001-2002 economic crisis.

¶18. (U) Left-of-center Peronist Nestor Kirchner, in office since May 2003, is widely perceived to be the strongest Argentine president since the return to democracy in 1983, and he faces a weak and divided opposition. Argentines give Kirchner much of the credit for the country's phoenix-like economic recovery. Political interest is focusing increasingly on this year's October presidential elections. If he chooses to run, Kirchner is expected to win reelection easily. There has been much speculation, including from President Kirchner himself, that his wife, Senator Cristina Fernandez de Kirchner, will stand in his place. Declared or potential opposition candidates include former Economy Minister Roberto Lavagna, businessman and president of the famed Boca Juniors soccer team Mauricio Macri, center-left national congresswoman Elisa Carrio, Governor of Neuquen province Jorge Sobisch, and former President Carlos Menem. However, the opposition is very divided and both Kirchners have commanding leads in the polls.

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Economic Situation  
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¶19. (SBU) Argentina has had an impressive recovery since suffering the worst economic crisis in its history in 2001-02, including the largest sovereign default in world history and a 70% nominal devaluation of its currency. Real GDP growth has been in the 8-9% range in each of the past four years, with GDP reaching about \$206 billion at the end of calendar 2006, approximately \$5,300 per capita. Economic expansion is creating jobs and unemployment dropped from 21.5% during the height of the crisis in 2002, to 10.2% during the third quarter of 2006. Poverty has also fallen from the post-crisis level of 60%, but remains stubbornly high, at about 31% now living below the poverty line.  
WAYNE